

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 FEA-01 ERDA-05 AID-05 CEA-01 COME-00 EB-08
FPC-01 INT-05 OMB-01 OES-06 STR-04 TRSE-00 ACDA-07
MC-02 IO-13 DOTE-00 /127 W
-----050715Z 025253 /20

R 041650Z MAR 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 3133
INFO AMEMBASSY TEHRAN

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E.O. 11652: N/A
TAGS: EAIR, ETRD, ENRG, IT, IR
SUBJECT: ITALIAN HELICOPTERS FOR IRAN - IRANIAN OIL FOR ITALY

ROME 3041

1. ITALIAN PRESS RECENTLY PUBLISHED NEWS RELEASE OF MINISTRY OF STATE HOLDING ABOUT A CONTRACT SIGNED TEHRAN BY COS-TRUZIONI AERONAUTICHE AGUSTA S.P.A. AND GOVERNMENT OF IRAN. ACCORDING TO RELEASE THIS "BIGGEST DEAL EVER MADE BY THE ITALIAN AERONAUTICS INDUSTRY" INVOLVES SALE OF 50 CHINOOK HELICOPTERS AMOUNTING TO \$425 MILLION TO BE PAID BY SUPPLYING TO AGIP (ENI GROUP) FIVE MILLION TONS OF OIL AT THE FIXED PRICE, OVER NEXT TWO YEARS, OF \$85 PER TON (SEE REFTTEL, PARA 4).

2. ACCORDING TO PRESS, DELIVERY OF THE 50 CHINOOKS TO BE OVER THREE AND HALF YEAR PERIOD. OIL DELIVERIES, TO BEGIN MARCH 7, 1977 AND CONTINUE THROUGH 1978, WILL EQUAL ABOUT 6 PERCENT OF TOTAL ITALIAN IMPORTS OF CRUDE OIL IN 1976.

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3. REPORTEDLY, CHINOOK LICENSE RIGHTS AND IMPORTED INPUTS AMOUNT TO ONLY 6 PERCENT OF ITS PRICE AND ENGINES (LYCOMING T55-LIIA), ANOTHER 20 PERCENT. PIAGGIO, ANOTHER ITALIAN COMPANY, WILL BUILD THE ENGINES.

4. COMMENT: ACCORDING TO ENI (STATE HYDROCARBONS AGENCY) OFFICIAL, PRESS RELEASE STATEMENT THAT IRAN WILL PAY FOR

HELICOPTER IN CRUDE OIL AT FIXED-PRICE OF \$85 PER M.T.
IS MESLEADING. ACTUALLY, THERE ARE TWO, INTER-RELATED
CONTRACTS, THE FIRST WITH AGUSTA FOR HELICOPTERS WORTH
\$425 MILLION AND A SECOND WITH AGIP (ENI'S OIL PRODUCTION,
REFINING AND DISTRIBUTION SUBSIDIARY) UNDER WHICH AGIP WILL
PURCHASE APPROX. 5 MILLION M.T. OF IRANIAN CRUDE OVER TWO
YEAR PERIOD AT INTERNATIONAL MARKET PRICES. SECOND CONTRACT,
THEREFORE, AMOUNTS TO GUARANTEED PURCHASE CONTRACT, ASSURING
AGIP ACCESS TO GIVEN QUANTITY OF IRANIAN CRUDE BUT DOES NOT
GIVE AGIP A PRICE BREAK. AT CURRENT MARKET PRICES, OF COURSE,
5 MILLION M.T. OF CRUDE COMES TO SUBSTANTIALLY MORE THAN
ANNOUNCED VALUE OF HELICOPTERS.

5. AN AGUSTA FFILIATE, ELICOTTERI MERIDIONALE S.P.A.
(BASED AT FROSINONE JUST SOUTH OF ROME) IS THE BOING
LICENSEE FOR CHINOOK CH-47C HELICOPTERS, AGUSTA IS THE PRIME
CONTRACTOR FOR A GROUP OF COMPANIES WHICH PRODUCE THE CHINOOK.
EMBASSY HAS BEEN INFORMED BY AGUSTA OFFICIALS THAT THE
CHINOOKS ARE PRICED AT \$6 MILLION EACH AND THAT SPARE PARTS
AND SERVICES WILL COST "AT LEAST" ANOTHER \$1.2 MILLION FOR
EACH HELICOPTER. AGUSTA OFFICIALS SAY THAT WHILE LICENSE
FEES COME TO LESS THAN 6 PERCENT OF CHINOOK PRICE, IMPORTED
INPUT COSTS WILL COME TO CONSIDERABLY MORE (THAN THE
6 PERCENT REPORTED IN THE PRESS), ESPECIALLY AS EXPENSIVE
U.S. MADE AVIONICS WILL BE USED. NEGOTIATIONS BEGAN ABOUT
ONE YEAR AGO. AGUSTA SOLD 44 CHINOOKS TO IRAN SEVERAL
YEARS AGO. BEAUDRY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, SALES, PETROLEUM, FOREIGN TRADE, HELICOPTERS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME03543
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770076-0629
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770392/aaaadbbd.tel
Line Count: 88
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e5b5adbd-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3206163
Secure: OPEN
Status: NATIVE
Subject: ITALIAN HELICOPTERS FOR IRAN - IRANIAN OIL FOR ITALY ROME 3041
TAGS: EAIR, ETRD, ENRG, IT, IR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/e5b5adbd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009